

INVENTORY PROCEDURES FOR THE MANAGER / SUPERVISOR

The following procedures, recommendations, and steps (if followed) will help reduce errors and discrepancies normally encountered when conducting inventories using AFMIS. Although you are not required to follow the below steps, applying them during the inventory process will help you as the manager or supervisor when tracking and correcting errors, and ensuring you have clear audit trails. The Inventory Process has the most significant impact on your Account Status if conducted poorly.

As with most, if not all, AFMIS procedures and processes, prior planning and organization are the key to successful input, problem identification, and applying corrective measures. Again, applying the below measures and guidelines will significantly help reduce errors:

I. Pre-Inventory Planning:

A. Inventory Management Checks / Guidelines

1. Conduct Inventories on NON-SHOPPING Days (T/TH).
2. If possible, have more than one person conduct the inventory – Physical Counts. (End-of-FY it is required by AR 30-1: One interested, one disinterested.)
3. Ensure personnel “Physically” count ALL items. Even those NOT on the Count Sheet for the given inventory.
4. Weekly Inventories CAN be conducted more than once a week. (i.e., Tuesday = Sensitive / Thursday = All). The system does not prevent you from running more than once a week.
5. Conduct a Weekly (ALL Items) inventory prior to the Monthly Inventory.
6. Inventories CANNOT be canceled after being Finalized.
7. Ensure Inventory Records are Filed in Sequence Number Order.
8. DO NOT allow personnel to print the BOH and conduct the inventory based on the BOH. (BOH Inventory) – it will come back to “haunt” you later.
9. Periodically check the Earnings and Expenditure Record for possible errors concerning issues (processed receipts).

10. Ensure Daily Batch Process is Run and Checked.
 11. Ensure personnel “Count Items” in stock, but are not on the count sheet. (Possible discrepancies.) Items on the Count Sheet are only the items that had activity.
 12. Once the Inventory Process is “Started”, complete the entire process. Ensure the process is “Finalized”.
-

ACCOUNT STATUS CHANGES DUE TO INVENTORY PROCESSES

**** Note: When numbers change on the system’s Balance On-Hand (BOH), the following affects your Account Status:**

- **Increasing BOH numbers** – Your “Current Inventory” value will increase, and your “Expenses” will decrease: i.e.,

➤ Current:

▪ BOH =	10 Ea. / \$100.00
▪ Current Inventory Value =	\$1,000.00
▪ Expenses =	\$1,000.00
▪ Status =	\$0.00 Over / Under

➤ When changed:

▪ BOH =	20 Ea. / \$200.00
▪ Current Inventory Value =	\$1,100.00
▪ Expenses =	\$900.00
▪ Status =	\$100.00 Under

- **Decreasing BOH numbers** – Your “Current Inventory” value will decrease, and your “Expenses” will increase: i.e.,

➤ Current:

▪ BOH =	10 Ea. / \$100.00
▪ Current Inventory Value =	\$1,000.00
▪ Expenses =	\$1,000.00
▪ Status =	\$0.00 Over / Under

➤ When changed:

▪ BOH =	0 Ea. / \$0.00
▪ Current Inventory Value =	\$900.00
▪ Expenses =	\$1,100.00
▪ Status =	\$100.00 Over

B. Procedures and Process Checks

1. **Daily Batch** / Check Issues Received

- Verify NIS / NSN Numbers – PV Catalog

2. **Kitchen Requisition and Returns** - Entered

- Ensure personnel **accurately** enter Issues and Returns.
- Check for “One Time” Issues.
- Check for Items pulled for production.
- When completed – Meal is “Closed-out” / BOH updated.
(Can re-print.)
- Ensure “Residuals” (Field Issues) are NOT recorded.
- Meal Production Checklist: Initiated = Floor / Printed = File.
- Correct mistakes (entered data and closed-out) by: using the next Kitchen Requisition and a MFR.

3. **Transfers Processed** (TISA)

- Dining Facility to Dining Facility Transfers have been processed and “posted”. Continue to count these items as if you still owned them; or, do not count them until they are in your BOH. (Can lead to Kitchen Requisition problems.)
- Turn-in to TISA Transfers have been processed and “posted”. (Only used for “Recall items” and “Operational Rations” posted to your Dining Facility.)

4. **Transfers Processed** (In-House)

- Dining Facility to Unit – Never use it!! Will result in an “Expense” on your Account Status, and you will NOT receive an “Earnings” to off-set the Expense.
- Unit to Dining Facility - Not “Authorized” to Use. (It is a TOOL that can track and audit residuals, but current policy prevents you from using this audit trail tool.)

5. Report of Survey (ROS) / Statement of Charges (SOC) Processed.

- Processed by TISA.
- Must have “Document Control Number” from responsible unit prior to processing.
- Receive credit in a “timely” manner.
- Count items until processed and posted.

6. Prime Vendor Receipts Processed and Posted.

- Check Status prior to counting items - R, RP, RS. “RS” Status is a “Receipt Sent” and is posted to your BOH.
- Ensure receipts are processed correctly – Quantity and Substitutions are correct; furthermore, ensure the user selects “Write” when completed with the receipt. Receipts must run through the “Batch” process before they are posted to your Account and BOH.
- If TISA is running this process, ensure items are posted to your BOH prior to counting and entering them. Items received on Monday may not be posted to your BOH until Wednesday or later.

7. Sensitive Items Check – Percent Deviation - Disposition of Subsistence / Prior Months Inventory Process Check

- Ensure prior months End-of-Month Inventory has been “Finalized” and the Account for that month is “closed-out”.
 - ✓ If your Account is “Closed-out” and the End-of-Month Inventory WAS NOT “Finalized” for that month, then the Beginning and Ending Balance on the Disposition of Subsistence will be from the LAST End-of-Month Finalized Inventory.

- Print or View the “Percent Deviation Report. Identify items outside the 9% tolerance range. Also, check items with an Asterisk or a ZERO percent deviation.
 - View the Disposition of Subsistence on selected items. Note items adjusted during the inventory process. This report will post a “Memo” note on items that were increased or decreased on the BOH. Will have an impact on its final disposition and indicates changes to Account Status.
-

II. Inventory Processing:

A. Inventory Processing Steps

1. **Print the Count Sheet** – Will only print those items that had activity.
2. **“Physically” COUNT** items in inventory.
 - Do not use a printed BOH during this step!!
 - Record items NOT on the Count Sheet. Could indicate possible discrepancies and will be needed during your research.
3. **Enter Counts - Accuracy**
 - Ensure NSN entries match.
 - Enter items NOT on count sheet but recorded during physical counts.
4. **Print Recount Sheets** – Important Step
 - Always print the recount sheets after entering in counts.
 - System will print recount sheets based on your initial entries vs. the BOH, and only on the items that do not match.
5. **Research Discrepancies** – Items on Recount Sheet
 - Check Pre-Inventory measures.
 - Check Records – Issues, Production Schedules, Kitchen Requisitions, etc..

6. **Enter Recounts** – After doing your Research.

- Entries made to “New Count” will be your new BOH when the inventory is “Finalized”.
- Remember - Increased and Decreased numbers will affect your Account Status.

7. **Finalize Inventory**

- Once Finalized, cannot be Canceled
-

III. Inventory Review

A. Final Report Review

1. Verify Report Entries

- Check BOH against Physical Counts
- Note obvious discrepancies, i.e. System = 50 and Physical count = 100.
- Research discrepancies and immediately correct. If possible, do not wait until the next inventory to “fix” these items, especially if, they are far out-of-tolerance.

B. Reconciling Final Reports – Implementing proper inventory procedures should help eliminate the following recommendations:

1. If there are numerous errors on the Final Report, you can reconcile them by:

- REMEMBER – Once an inventory is Finalized, it cannot be Canceled.
- Weekly Inventory Processes can be run more than once a week. Numerous errors on a Weekly Inventory can be corrected by running the process again. Ensure you attach a MFR explaining your actions.
- Monthly Inventory errors can be corrected on the next Weekly Inventory. Although this will “fix” mistakes, it does present problems, or possible questions, on your Disposition of Subsistence Reports.

- Using a Kitchen Requisition to “fix” errors during the inventory process is not the preferred way to correct discrepancies. Creates too many questions concerning Audit Trail.
- 2. Ensure you report ALL discrepancies, errors on Final Reports, and the corrections made by documenting them on a MFR.
 - Attach a copy to the record where the error was found, and a copy to the record where the error was corrected.
- 3. Ensure you maintain “CLEAR” audit trails when correcting errors. There should be no question as to what was done.
- 4. If errors are related to “software” – how the systems works, and not caused by human error, then document them on DA Form 5005-R, ECP-S, and report them immediately through your channels.

**** The Inventory Process will only work for you - if you first - plan your work, organize your work, and ensure personnel conducting the inventory are accurate. AFMIS is your Management Tool to successfully accomplish your tasks, supervise your personnel, and manage your resources. BUT YOU HAVE TO USE IT. ****
